

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

9 7 - 0 1 6

2. STATE:

N.J.

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL
SECURITY ACT (MEDICAID)

Title XIX

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 3, 1997

5. TYPE OF PLAN MATERIAL (Check One):

☒ NEW STATE PLAN

☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN

☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

42 CFR 440.20 & 440.165

7. FEDERAL BUDGET IMPACT:

a. FFY 1997 \$ 0

b. FFY 1998 \$ 0

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 4.19A
I-265 through I-300

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Same

*** SEE REMARKS

10. SUBJECT OF AMENDMENT:

Reallocation of Undistributed United Hospital Medical Center's Calendar Year 1997
Charity Care and Hospital Health Care Subsidy Balances

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT

☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED

☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

☒ OTHER, AS SPECIFIED:

Exempt pursuant to 7.4 of the plan

12. SIGNATURE OF STATE AGENCY OFFICIAL:

13. TYPED NAME:

William Waldman

14. TITLE:

Commissioner

15. DATE SUBMITTED:

9/26/97

16. RETURN TO:

Division of Medical Assistance and
Health Services
P.O. Box 712
Trenton, NJ 08625-0712

RECEIVED
DATE
BY
Sue Kelly
As per State letter received on 9/1/97, previously submitted pages have been
revised and renumbered and approved as follows: Attachment 4.19-A pages I-268,
I-268.1 and page I-268.2

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Instate Acute Care Inpatient Hospital Services
Disproportionate Share Hospital**

**7.1 Reallocation of Undistributed United Hospital Medical Center's
Calendar Year 1997 Charity Care and Hospital Health Care Subsidy Balances**

The undistributed United Hospital Medical Center's (UHMC) calendar year (CY) 1997 Charity Care and Hospital Health Care Subsidy (HHCS) balances shall be reallocated and distributed to eligible New Jersey acute care hospitals in accordance with all applicable federal and State laws and regulations in the following manner:

- a) Charity Care supplemental subsidies of \$8,616,354 shall be made to Disproportionate Share Hospitals (DSH) that meet all of the following criteria:
 - i) The hospital is eligible for a 1997 Charity Care subsidy under the methodology in Attachment 4.19A, pages I-262 through I-262.2, inclusive.
 - ii) The hospital drew its patients in 1995 from the same zip codes as UHMC. The Department of Health and Senior Services shall determine, using 1995 UB-PS data, those zip codes from which UHMC drew at least one percent of its adult admissions or 2.5 percent of its pediatric admissions, or if UHMC admissions represented at least five percent of admissions to all hospitals from that zip code.
 - iii) The hospital provided in 1995 at least three percent of the admissions for patients living in zip codes identified in (ii) above that had inpatient admissions at hospitals other than UHMC.
- b) HHCS allocations of \$3,643,430 shall be made to Disproportionate Share Hospitals that meet all of the following criteria:
 - i) The hospital drew its patients in 1995 from the same zip codes as UHMC. The Division of Medical Assistance and Health Services shall determine, using 1995 UB-PS data, those zip codes from which UHMC either drew at least one percent of its adult admissions or 2.5 percent of its pediatric admissions, or if UHMC admissions represented at least five percent of admissions to all hospitals from that zip code.

97-16-MA (NJ)

TN 97-16 JUN 06 2001
Supersedes TN **New** Effective Date JUL 04 1997

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Instate Acute Care Inpatient Hospital Services
Disproportionate Share Hospital**

**7.1 Reallocation of Undistributed United Hospital Medical Center's
Calendar Year 1997 Charity Care and Hospital Health Care Subsidy Balances
(continued)**

- ii) The hospital provided in 1995 at least five percent of Hospital Relief Subsidy Fund (HRSF) problem-billed admissions for patients living in zip codes identified in (i) above that had inpatient HRSF problem-billed admissions at hospitals other than UHMC. Problem-billed claims encompass admissions from the following seven categories:
 - a) HIV (MDC 24)
 - b) Mental Health (MDC 19)
 - c) Substance Abuse (MDC 20)
 - d) Complex Neonates (DRG 600 through 618, 622, 623, 626, and 627)
 - e) Tuberculosis as a major or minor diagnosis (ICD-9: 010.0 through 018.9)
 - f) Mothers with substance abuse (MDC 14 with the following codes: ICD-9-CM 6483, 6555, 304 and 305)
 - g) HIV as a secondary diagnosis (excluding MDC 24; and including ICD-9-CM 0420 through 0433, 0440 and 0449)
- c) The Division shall redistribute the 1997 Calendar Year Charity Care subsidy for UHMC to other hospitals in two lump sum payments.
 - (i) The first lump sum payment will equal 50 percent of the UHMC's Charity Care subsidy (\$4,308,177) and will be distributed to eligible hospitals during CY 1997. Payments will equal \$4,308,177 multiplied by each eligible hospital's percentage of the total number of inpatient admissions from the zip codes identified in 7.1(b)(i) above. This payment will be final and will not be subject to reconciliation.

TN

97-16

Now

JUN 06 2001

JUL 04 1997

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**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
Reimbursement for Instate Acute Care Inpatient Hospital Services
Disproportionate Share Hospital**

- (ii) The remaining \$4,308,177 will be distributed, according to the following formula, in a lump sum payment during State Fiscal Year 1998, but after March 1, 1998, to those hospitals identified in 7.1 a) above.
- a) The Department of Health and Senior Services will identify hospitals whose aggregate priced charity care claims from March 1, 1997 through December 31, 1997 exceed the same type of claims from March 1, 1996 through December 31, 1996;
 - b) DHSS will total those amounts in order to determine the overall increase in charity care experienced by other hospitals as a result of the closure of UHMC.
 - c) If the increase in hospitals' aggregate priced charity care claims totals less than \$8,616,354, each hospital shall receive its actual claims increase, reduced by the amount of the lump sum payment it has already received in CY 1997.
 - d) If the increase in hospitals' aggregate priced charity care claims totals more than \$8,616,354, then each hospital shall receive a proportionate amount of the claims increase, reduced by the amount of the lump sum payment it has already received in CY 1997.
- d) The HHCS to be reallocated shall be distributed among eligible hospitals based on an eligible hospital's percentage of market share (based on the zip code analysis identified in 7.1 b) above) HRSF problem-billed admissions as a percentage of all market share HRSF Problem-billed admissions of eligible hospitals. The reallocated funds shall be distributed on a monthly basis, beginning July 1997 through the remaining months of CY 1997.

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